

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:618

ANSWERED ON:24.11.2006

AMALGAMATION OF UWB WITH IDBI

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Will the Minister of FINANCE be pleased to state:

- (a) whether the RBI has prepared a scheme of amalgamation of United Western Bank (UWB) with Industrial Development Bank of India (IDBI);
- (b) if so, the details with non productive assets and bad debts of bank;
- (c) whether the Reserve Bank of India (RBI) had placed UWB under moratorium on September 2, 2006 till December 1, 2006;
- (d) if so, the reasons therefor;
- (e) whether IDBI is ready to absorb all the employees of UWB;
- (f) if so, the details thereof; and
- (g) if no, the steps taken by the Government to protect the interest of employees?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (d) : In view of the precarious financial position of the United Western Bank Ltd. (UWBL) indicating accumulated losses, negative `Capital to Risk-Weighted Assets Ratio` (CRAR), relatively higher Non-Performing Assets (NPAs) and shortfall in provisioning etc., and on the recommendations of Reserve Bank of India (RBI), Government of India placed UWBL under an Order of Moratorium w.e.f. 2nd September, 2006 upto and inclusive of 1st December, 2006 under Section 45(2) of the Banking Regulation Act, 1949, The Gross & Net NPAs of the bank stood at 11.30% and 5.66% respectively as on 31.03.2006. Further, the Government has sanctioned a Scheme of Amalgamation of UWBL with Industrial Development Bank of India (IDBI) Ltd., as prepared by RBI, with effect from 03.10.2006.

(e) to (g) : All the employees of the UWBL shall continue in service and be deemed to have been appointed in the IDBI Ltd. at the same remuneration and on the same terms and conditions of service, as were applicable to such employees immediately before the close of business on the 2nd September, 2006 in terms of the provisions contained in Para 8 of the Scheme of Amalgamation of UWBL with IDBI Ltd.